



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT INVENTORY CONTROL – FIXED ASSETS	POLICY NO. 903.01	EFFECTIVE DATE 10/01/1989	PAGE 1 of 10
APPROVED BY: Original signed by: ROBERTO QUIROZ Director	SUPERSEDES 800.1 10/01/1989	ORIGINAL ISSUE DATE 08/15/1988	DISTRIBUTION LEVEL(S) 1

PURPOSE

- 1.1 To provide guidelines for the control and maintenance of all fixed assets assigned to the Department of Mental Health (DMH).

POLICY

- 2.1 The DMH is responsible for safeguarding, assigning, and maintaining all fixed asset equipment purchased by and/or assigned to the Department. The primary responsibility for fixed asset control and maintenance resides with the Administrative Support Bureau (ASB), Inventory Control Unit. This unit will maintain a current Departmental Master Equipment List and perform biennial inventories of all fixed assets in compliance with the County of Los Angeles Auditor-Controller Fiscal Manual, Section 6.1.0.
- 2.2 The ASB, Inventory Control Unit, will coordinate assignment of a Facility Division Equipment Control Liaison at each facility/division (County and Contract providers) to act as the locally responsible individual for fixed assets assigned to that unit. These individuals will be responsible to notify the ASB, Inventory Control Unit, promptly of any changes in fixed asset status. The Equipment Control Liaison should not be routinely involved in equipment purchasing or receiving functions.

DEFINITION

- 3.1 Fixed Assets are generally any items of equipment for which the cost is over \$600, or any items of electrical equipment for which the cost is over \$300. For State reporting and reimbursement purposes, any equipment valued at \$300 or more is considered a fixed asset.
- 3.2 Departmental Master Equipment List is a current summary of all the equipment under the control of DMH. It will be itemized by equipment description, equipment number or serial number, purchase order number, check sheet



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MENTAL HEALTH

DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT	POLICY NO.	EFFECTIVE DATE	PAGE
INVENTORY CONTROL – FIXED ASSETS	903.01	10/01/1989	2 of 10

number, source document, fund/organization account, location cost code cost/value and date of purchase.

- 3.3 Biennial Inventory of all Fixed Assets is directed by the Auditor-Controller and will be conducted every odd-numbered year, i.e.; 1989, 1991, 1993, etc.

PROCEDURE

- 4.1 The following procedures for the control and maintenance of fixed assets shall be performed by ASB staff.

4.2 Biennial Inventory

The Auditor-Controller's Fixed Asset Unit generates fixed asset listings each odd-numbered calendar year for the DMH. This listing is received in July. In order to comply with Section 24051 of the Government Code, ASB must verify the correctness of its fixed asset inventory listing by December 31 of the year the listing is received. The inventory listing (Fixed Asset Listing Report) includes assets reported as of June 30 of the year the listing is generated. Two copies of the Fixed Asset Listing Report and an "Inventory Certification" form (Attachment I) will be sent to the ASB. Upon completion of the inventory, one copy of the proper input documents and the signed "Inventory Certification" form must be returned to the Auditor-Controller's Fixed Asset Unit.

- 4.2.1 Upon receipt of the Auditor-Controller generated Fixed Asset Listing Report, the ASB shall contact each Facility/Division/Bureau to coordinate on-site physical inventories.

- 4.2.2 A complete physical inventory shall be conducted at each County-operated and Contract facility where DMH fixed assets are assigned.

- 4.2.3 The ASB must submit the following forms to the County Auditor-Controller to identify changes in fixed assets status as a result of the biennial inventory:

- 4.2.3.1 "Intradepartmental Equipment Location Change" form (Attachment II)



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT	POLICY NO.	EFFECTIVE DATE	PAGE
INVENTORY CONTROL – FIXED ASSETS	903.01	10/01/1989	3 of 10

4.2.3.2 "Report of Equipment Loss" form (Attachment III)

4.2.3.3 "Property Transfer Advice" form (Attachment IV)

4.2.3.4 "Inventory Certification" form (Attachment I)

4.2.4 Refer to Section 4.5, "Missing/Suspected Stolen Items," for further biennial inventory instructions.

4.2.5 The ASB should complete all physical inventories and necessary forms by December 15 of the calendar year for review and signature by the Assistant Director of Administrative Services prior to the submission of the report to the Auditor-Controller.

4.2.6 The original copy of the completed Fixed Asset Listing Report and the signed "Inventory Certification" form must be returned to the County Auditor-Controller on or before December 31 of the calendar year to:

Auditor-Controller
Special Reports Section
603 Hall of Administration
500 West Temple St.,
Los Angeles, CA 90012

4.3 Maintenance of the Departmental Master Equipment List

4.3.1 ASB shall further generate a hard copy of the Departmental Master Equipment List for reference. The Departmental Master Equipment List shall be printed numerically for functional review and shall be maintained in the ASB work area. The Departmental Master Equipment List shall be utilized in conjunction with the Fixed Asset Listing Report for all the DMH fixed asset inventories.

4.3.2 The Head, Inventory Control Unit, shall be responsible for ensuring that discrepancies between the physical inventory and the Departmental Master Equipment List are resolved promptly and that data updates are completed timely and accurately.



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LOS ANGELES COUNTY
DEPARTMENT OF
MENTAL HEALTH

DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT	POLICY NO.	EFFECTIVE DATE	PAGE
INVENTORY CONTROL – FIXED ASSETS	903.01	10/01/1989	4 of 10

4.3.3 Should any changes in Fixed Assets status occur, the ASB shall:

4.3.3.1 Prepare an “Intradepartmental Equipment Change” form (Attachment II) or “Property Transfer Advice” form (Attachment IV) and submit the completed form to the Auditor-Controller Fixed Assets Unit within 10 working days.

4.3.3.2 Enter the corrected data into the Departmental Master Equipment List computer system.

4.3.3.3 Reissue revised Departmental Master Equipment List lists to all affected facilities or divisions.

4.3.3.4 Indicate the Fixed Asset change on the Auditor-Controller Fixed Asset Listing Report by lining out the data under the appropriate heading and writing in the corrected data in RED INK.

4.3.4 Any equipment determined to be a fixed asset that is not yet registered on the Fixed Asset Listing Report or Departmental Master Equipment List must be reported and placed on the Fixed Asset inventory (refer to Section 4.6, Additions to the Fixed Asset Inventory).

4.3.5 All related material shall be filed and maintained in the ASB work area; records should be filed by Fund Organization Codes for accessibility and reference.

4.3.6 Any fixed asset changes discovered by the ASB which occurred without prior approval, must be reconciled. The authorized staff shall prepare a written report to the Chief of the ASB. The report shall list fixed asset changes and explain why the facility/division failed to follow the Fixed Assets policy and procedure. The matter may be brought to the attention of Executive Staff for review if policy is not being properly observed by responsible personnel.

4.4 Distribution of Computerized Departmental Master and Secondary Equipment Lists



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT	POLICY NO.	EFFECTIVE DATE	PAGE
INVENTORY CONTROL – FIXED ASSETS	903.01	10/01/1989	5 of 10

- 4.4.1 The ASB Chief is the Custodian of the Departmental Master Equipment List. Secondary printouts shall be produced, itemized by individual division or facility location cost code, and distributed to respective Equipment Control Liaisons at each unit or location.
- 4.4.2 The secondary lists shall be sorted by specific location code numbers and shall be itemized as detailed in the definition of the “Departmental Master Equipment List”.
- 4.4.3 The secondary lists shall be reviewed by each Division or Facility Equipment Control Liaison for accuracy and completeness, with any discrepancies reported to the Head, Inventory Control Unit, within three (3) weeks after the list is promulgated.
- 4.4.4 Upon completion of review, the Liaisons shall sign the Division Control form (Fixed Assets Equipment Inventory Release, Attachment V) certifying verified location of and responsibility for all portable items of equipment assigned to his/her division or facility.
- 4.4.5 It becomes the duty of the Equipment Control Liaison to monitor and safeguard all equipment in his/her charge. Each Liaison will maintain the Secondary List in a manner consistent with controls established for use by the ASB.
- 4.4.6 Control within a Division/Facility shall provide that:
 - 4.4.6.1 Overall control is assigned to the Equipment Control Liaison at each division or facility. This individual’s routine assignments should not include purchasing or receiving equipment.
 - 4.4.6.2 All fixed assets are assigned to individual staff for proper control.
 - 4.4.6.3 Each fixed asset is secured at the end of each work day at an authorized location which ensures the safety and accountability of items.



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DEPARTMENT OF
MENTAL HEALTH

DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT	POLICY NO.	EFFECTIVE DATE	PAGE
INVENTORY CONTROL – FIXED ASSETS	903.01	10/01/1989	6 of 10

- 4.4.6.4 The division or facility notifies ASB in writing five (5) working days prior to reassigning fixed assets within the division or facility. Use the “Intradepartmental Equipment Location Change” form, #76E614X (see Attachment II for instructions).
- 4.4.6.5 The division or facility notifies the ASB five (5) working days prior to trading or transferring any fixed asset to another division or facility. Use the “Intradepartmental Equipment Location Change” form, #76E614X (Attachment II).
- 4.4.6.6 Fixed assets that are damaged or in disrepair are reported upon such determination to the ASB for repair, replacement, or disposition.
- 4.4.6.7 The Equipment Control Liaison at the division or facility notifies ASB immediately should any equipment be discovered missing or lost (refer to Section 4.5).
- 4.4.6.8 Upon discovery that an item has been stolen, follow the steps outlined in Section 4.5.
- 4.4.6.9 The ASB receives copies of “Intra/Inter Departmental Reassignments and Termination Clearances Checklist” when personnel changes affecting the Equipment Control Liaison position occur.
- 4.4.6.10 A revised printout of authorized changes in data listings is received from the Inventory Control Unit within 90 days after submission of change notice and follow-up is conducted as needed.

4.5 Missing/Suspected Stolen Items

- 4.5.1 It is the responsibility of the Facility/Division Equipment Control Liaison to telephone the Chief, ASB, immediately when fixed assets are discovered missing and/or suspicion of theft is at issue. A written report to ASB must follow as directed by the Chief of ASB.



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT	POLICY NO.	EFFECTIVE DATE	PAGE
INVENTORY CONTROL – FIXED ASSETS	903.01	10/01/1989	7 of 10

- 4.5.2 The Head, Inventory Control Unit, shall also report such incidents discovered at times of biennial physical inventory to the Chief, ASB.
- 4.5.3 The ASB Chief shall ensure that any suspected employee theft is promptly reported to the DMH Audit Compliance Team Head, who will be responsible to notify the Auditor-Controller's office. No further action will be taken until directed by the Auditor-Controller's office.
- 4.5.4 The ASB Chief shall also ensure than an annual "Report of Equipment Loss" (Attachment III) is filed with the Auditor-Controller and the Board of Supervisors.
- 4.5.5 Employees found to be negligent or directly responsible for equipment loss may be subject to disciplinary action.
- 4.5.6 The Head, Inventory Control Unit, will be responsible for reporting missing and stolen fixed assets to the Auditor-Controller Fixed Asset Unit. This will be accomplished with a "Property Transfer Advice" form (Attachment IV) and an interim "Report of Equipment Loss" (Attachment III).

4.6 Additions to Fixed Asset Inventory

- 4.6.1 All equipment classified as fixed assets shall be added to the Fixed Asset Inventory in the following manner:
- (A comprehensive Fixed Asset Classification List is on file with the ASB)
- 4.6.2 Sources of Fixed Assets are as follows:
- 4.6.2.1 Fixed assets purchased by the DMH and approved by the Auditor- Controller and the Chief Administrative Office.
- 4.6.2.2 Fixed assets donated from private sources.



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT	POLICY NO.	EFFECTIVE DATE	PAGE
INVENTORY CONTROL – FIXED ASSETS	903.01	10/01/1989	8 of 10

4.6.2.3 Fixed assets originally purchased by the DMH contract providers, and recovered as the result of contract termination or expiration.

4.6.2.4 Fixed assets transferred from other County departments.

4.6.3 Upon receipt of original Requisition or Purchase Order from the Procurement and Warehouse Unit, ASB shall prepare an “Equipment Acquisition Checksheet” form 76E614 (Attachment VI). This form must include requisition number, fund source, fund organization code, equipment description, and vendor name.

4.6.4 Inquiries should be made to secure original purchase documents for fixed assets privately donated, transferred from other County departments, or appropriated from contract agencies. If this information cannot be obtained, write the phrase “No other information available” in the space marked REMARKS on the Equipment Acquisition Checksheet.

4.6.5 The ASB staff shall affix a property tag to the Fixed Asset item.

4.6.5.1 The property tag should be placed by ASB staff adjacent to a faceplate (if any) or on the upper right portion (of a desk or table). This identification number (ID) shall be recorded onto the Equipment Acquisition Checksheet, form 76E614A (Attachment VI).

4.6.5.2 Those items which are identified by manufacturer’s serial number (typewriters, calculators, etc.) shall be recorded by such number on the Equipment Acquisition Checksheet (form 76E614A) instead of the equipment ID number.

4.6.6 The Equipment Acquisition Checksheet (form 76E614A) must be completed by ASB staff for each item received and be forwarded to the Auditor-Controller’s Fixed Assets Unit for input to the Fixed Assets Accounting System.



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT INVENTORY CONTROL – FIXED ASSETS	POLICY NO. 903.01	EFFECTIVE DATE 10/01/1989	PAGE 9 of 10
----------------------------------------------------	-----------------------------	-------------------------------------	------------------------

4.7 Fixed Asset Transfers

4.7.1 “Property Transfer Advice” form (Attachment IV) must be completed when fixed assets are transferred. This action shall occur when equipment is a) transferred to another County department, b) permanently transferred to P&SD Salvage, c) transferred to a private agency, or d) determined to be missing or stolen.

4.7.2 See Section 4.5 for missing or stolen items.

4.7.3 An “Intradepartmental Equipment Location Change” form (Attachment II) must be completed when fixed assets are transferred from one location to another within the DMH. The completed form should be forwarded to the Auditor-Controller’s Fixed Asset Unit.

4.8 Disposition of Salvage Items

4.8.1 All Fixed Assets determined to be unserviceable or no longer needed by a facility or division shall be referred to the Inventory Control Unit for evaluation for salvage or for reassignment to another Facility/Division. Upon approval of the ASB Chief, the Head, Inventory Control Unit, will arrange transportation for final disposition of the fixed asset(s) referred for evaluation and will initiate the appropriate documentation to update both the Auditor-Controller and the Departmental Master Equipment List.

AUTHORITY

Los Angeles County Auditor-Controller Fiscal Manual

ATTACHMENTS

Attachment I	Inventory Certification form
Attachment II	Intradepartmental Equipment Location Change form and instructions
Attachment III	Report of Equipment Loss form
Attachment IV	Property Transfer Advice form and instructions
Attachment V	Fixed Assets Equipment Inventory Release form and instructions
Attachment VI	Equipment Acquisition Check Sheet form and instructions



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DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT	POLICY NO.	EFFECTIVE DATE	PAGE
INVENTORY CONTROL – FIXED ASSETS	903.01	10/01/1989	10 of 10

Attachment VII

County Fiscal Manual Section 6.1.0, Fixed Asset Acquisitions

Attachment VIII

County Fiscal Manual Section 6.3.0, Fixed Asset Classification Guidelines